

Repaying Student Loans Important to Remember for College Graduates

Bismarck, ND - In the excitement of college graduation and searching for their first professional job, many students forget about one important item that helped them through college – student loans. Student Loans of North Dakota (SLND), administered by Bank of North Dakota (BND), would like to remind borrowers about the importance of paying back their student loans.

Repayment of student loans begins six months after the borrower has graduated, fallen below half-time status or withdrawn from college. If borrowers do not make payments on their student loan for 270 days while in repayment status, they will be considered in default.

“Not paying back a student loan will lead to negative, long-lasting consequences,” stated Julie Kubisiak, director of SLND. “First and foremost, it will negatively impact the borrower’s credit history; therefore, hindering the borrower’s future purchases, such as that of a house or even a car. In addition, some employers now include credit checks as part of their hiring decision.”

Other consequences of defaulting on a student loan include an increase in the loan balance with added collection costs, loss of future federal student loan eligibility, wage garnishment and withholding of income tax refunds.

To prevent defaulting on a student loan, borrowers should make monthly, on-time payments. Having the payment deducted automatically from the borrower’s checking or savings account can help to ensure the payment arrives on time. Some lenders will even reduce the interest rate on the student loan for choosing this payment option. Also, borrowers should inform their student loan lender of address and telephone changes. If borrowers are having trouble making payments on a student loan, they should contact SLND right away.

“SLND is willing to work with borrowers if they are having trouble making their payments to ensure they do not default on their loans,” said Kubisiak. “If borrowers are having trouble making payments on their loans, they should contact SLND to make arrangements for a different payment option or a forbearance or deferment.”

Student Loans of North Dakota is North Dakota’s designated guarantor of student loans. With more than 20 years of experience in the student loan industry, SLND has one of the lowest default rates in the nation.